

**Hon. Henry A. Waxman**  
**Chairman, Committee on Energy and Commerce**  
**Remarks to the National Community Pharmacists Association**  
**Hyatt Regency Hotel**  
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It is a great pleasure to join you here today.

As you know from reading the papers, I am currently leading the effort in our Committee on Energy and Commerce in finalizing energy and climate legislation.

This involves nothing less than greater energy security for America at home, the development of new, clean energy technologies and the millions of new jobs that will flow from that, and introduction of a market-based program to combat global warming pollution that threatens our planet.

These provisions, collectively, amount to a fundamental restructuring of significant parts of our economy, with new investment in jobs and growth.

This legislation is therefore an important part of the overall effort to get our economy moving again, to help the recovery we all hope is underway, and to put an end, after three decades, to the wild swings in oil prices that cause us so much misery economically and harm our national security.

So in the midst of all this activity, why am I here this morning talking about health care?

Because health care reform is the next big issue on our agenda – and we will turn to it next month.

And I wanted to advise you directly of what lies ahead on health care reform.

I believe America made a fundamental and fateful choice last November in electing Barack Obama as President.

He stood for change – change to address chronic, fundamental issues that have bedeviled us for years – particularly in health care, energy and education.

As Chairman, I want to be President Obama's partner in the key committee responsible for two of his legacy issues: health care and energy and global warming – and with broadband infrastructure and telecommunications thrown in for good measure.

I am very pleased to report to you that we will move on energy legislation and we will turn next month to health legislation.

And so this morning I want to preview what we will do, and how we will do it, and then discuss some of the more discrete health issues that I know are of concern to community pharmacists.

I want to start with three predictions.

- First, by July 31<sup>st</sup>— less than three months from now—the House of Representatives will have passed a health reform bill.
- Second, before the end of this year, the Congress will send President Obama a health reform bill for signature.
- Third, President Obama will sign the bill into law.

I couldn't have made this prediction six months ago. But last year's elections brought new management to the Executive Branch — people who, from the President on down, understand the urgent need for health reform.

President Obama understands that we cannot continue to have a cost curve in health care that far exceeds the growth in the economy.

President Obama understands that we cannot continue to have a system where so many *insured* Americans find that their insurance costs more and covers less.

President Obama understands that we cannot have a system where more than 46 million Americans have no coverage.

And the President has been crystal clear that his highest domestic priority this year is enacting health reform, and that he expects Congress to send him a bill.

So the ball is in our court.

*How the House will proceed:*

Here's how we're going to proceed in the House.

Early in March, Charlie Rangel, the Chairman of the Ways and Means Committee, George Miller, the Chairman of the Education and Labor Committee, and I sent a letter to the President. We promised to work together to bring a bill to the House floor before August.

Since then, my Committee's Health Subcommittee, which is chaired by Representative Frank Pallone, held five hearings on making healthcare work for America's families.

These hearings covered the major issues that a health reform bill will have to address: coverage, access, quality, costs, and public health.

And the professional staffs of the three committees have been meeting to develop a health reform proposal that will allow all three Committees to start from a common point.

At some point over the next month or so, that proposal will be in sufficient form to be made public.

After that, Chairman Pallone and I intend to hold hearings to get the views of stakeholders. We intend to follow a transparent markup process that allows ample opportunity for debate and amendment.

When all three Committees have acted, we will work with the Leadership and the Rules Committee to prepare the bill for consideration by the full House.

*What health reform should look like:*

That's the process. But what about the substance? What should health reform look like?

I am not here today to tell you that I have all the answers about the right way or the best way to achieve the goal of affordable, high quality, sustainable coverage for all Americans.

What I will say is what I have said before: we must solve the problems of coverage, cost, and quality together — there is no real way to solve one without dealing with the others.

We must assure that we are paying for high quality care.

We must find a way to better manage costs.

And we must give people coverage that effectively and affordably addresses their health care needs.

All three of these pieces are essential.

That says to me that it will have to build on the system we have in place today.

- That system rests on employer-based coverage.
- That system relies on Medicare to cover seniors.
- And that system rests on two critical programs for low-income people: Medicaid and the Children's Health Insurance Program.

Those two programs, Medicaid in particular, fill gaps in our system for people with health care needs that, frankly, will probably never be adequately addressed by private health plans alone.

But let me make one very clear point here: I know the public programs we have in place today must be improved if they are to serve as the building blocks of a reformed health care system.

I know that the way we pay physicians under Medicare is simply not acceptable. I am committed to fixing Medicare's physician payment system so that it does a better job of rewarding physician involvement in patient care over an extended period of time.

Medicare payments to primary care physicians must increase. The number of physicians choosing primary care is falling, and we have to address this as we expand coverage to the uninsured.

Medicaid also needs to be improved. I'm particularly concerned that we increase access by Medicaid beneficiaries to primary care physicians.

Assuring the financing, payment, and coverage side of this picture is crucial. But I also have a keen appreciation of the critical role of our public health care programs and of the need for prevention and wellness programs, both public and private.

We know that stopping kids from ever developing the addiction to tobacco can improve our health and stop the needless cost of treating so many tobacco-related disabilities, diseases, and early deaths.

You are on the front lines of this in discussing with your customers methods and treatments for them to quit smoking.

In April, the House overwhelmingly passed the Family Smoking Prevention and Tobacco Control Act, which gives the Food and Drug Administration the authority to regulate the advertising, marketing, and manufacturing of tobacco products.

This was truly a historic day in the fight against tobacco and made clear that high value the House places on the protection of the public health.

I have every hope for firm and certain action by the Senate to pass this legislation in the near future so that we can send it to a President who will sign it into law.

We know that reducing the problem of obesity in this country can make a significant contribution to reducing the demands on our health care system.

We know that structuring our payment systems to reward better quality care, reducing medical errors, providing a medical home, managing chronic conditions — all of these can help bend the cost curve in medical care and improve quality and satisfaction at the same time.

Finally, we know that none of this will happen without a robust health professions work force, trained to meet the needs of our aging and diverse population, available in the places where they are needed, and fairly compensated.

*Public health insurance option:*

I want to talk particularly about an issue that may be of concern to some of you. That is my view that this system will work better if there is a public health insurance plan available as an alternative to private coverage.

I want you to understand my thinking here.

I believe that health reform must have a significant role for private health insurance. We must allow private insurers a fair opportunity to compete.

And we're envisioning sliding scale subsidies to make coverage affordable -- with those subsidies available to competing private health insurers and a new public program.

I am not interested in trying to put a public health insurance plan in place that would drive out other options.

But I think we need a public health insurance plan to compete with private health insurers in offering coverage to those who don't have employer-based coverage or Medicare or Medicaid.

I see advantages — for providers and patients alike — if there is a system that offers a real choice between both a public health insurance plan and private health insurers.

Let me emphasize that word “choice” — I want it to be a real choice that is offered on a level playing field.

And we have to be sure that this level playing field ensures coverage that works for people by making available:

- Insurance that they are guaranteed they can get;
- Insurance that doesn't discriminate against them if they are sick;
- Insurance that gives appropriate rights to patients and providers to get and deliver the care that they need.

I think both approaches will work better if there is some creative tension between them under rules that ensure access and competition based on quality and efficiency.

I think that approach offers a promising way to avoid the legislative gridlock that has occurred in the past — gridlock arising when we in Washington create a false choice between the two.

And, more to the point, I think it can be a system that will work better for patients and providers.

*Why I think this time we will succeed:*

Some of you may be skeptical that Congress will enact health reform this year. Here's why I think that *this time* we will succeed.

- First, we have a President who has put the provision of affordable, accessible health care for all Americans front and center on his agenda. We will not have to override a veto.
- Second, we have leadership in both the House and Senate who are determined to deliver on this promise, and send a bill to the President this year.
- Third, we have Committee Chairmen in both houses who are ready to go. I've already described the situation in the House.
- In the Senate, Chairman Baucus has made a very visible commitment to get this job done, working actively to achieve legislation on the same short timetable. He's working in tandem with Senator Kennedy, who brings inspiration, leadership and years of experience and wisdom to this effort.
- Fourth, we have a number of coalitions active and working to achieve the goal of coverage and reform. Labor and business, consumers and providers, insurers and drug manufacturers, are all actively engaged in finding areas of common agreement to help us finally overcome the divisions which have so long kept us from this goal.
- Finally — and this is the most encouraging of all — the stakeholders are no longer saying, "It's my first choice or nothing." Virtually all the parties now recognize that the status quo is not an option, and that everyone—including them—will have to compromise if we are to get health reform.

### *Prospects for health care reform*

The Energy and Commerce Committee has 59 members. That means in our Committee alone, we have nearly 60 percent of the number of members in the Senate, and almost 15 percent of the House.

The Committee is balanced between urban and rural, conservative and liberal, new members and veterans.

If we can find consensus in the Energy and Commerce Committee, I am convinced we will be pretty close to what will be a consensus in the House and with the Senate.

Throughout my career, I've supported a number of different approaches to achieve those ends. I am not wedded to any one of them.

In the end, the best approach to secure the goals of coverage, sensible controls on cost, and assurance of quality care has to have an additional crucial element: it has to be one that we can pass.

A reform this large, affecting every corner of American society, can't be handed down and imposed on the system. We have to all work together to get it right.

And it will only be "right" if it is acceptable—

- to the broad spectrum of the American people who need health care;
- to the providers that deliver that health care;
- to the businesses, individuals and tax payers who in the end must pay for it;
- and to the members of Congress who, in the end, have to pass it.

In that context, I want to turn to some issues of particular importance to you and community pharmacists across the Nation.

### *AMP-based Pricing*

I know that you view Medicaid drug payments, and the issues surrounding the 2005 Deficit Reduction Act and AMP-based pricing, as one of your most critical issues. My staff has met with many of your representatives numerous times on this issue, and when I talk to pharmacists in my district they always raise it as an important issue. I recognize that we are going to have to take a very close look at this issue as we move forward with health care reform.

### *Generic Biologicals*

Many of you who have followed my career know that I am a believer in competition, and its ability to drive down costs. One of my goals for this Congress is to create a pathway for generic biological drugs. Biogenerics can help create competition that drives down the price of brand name drugs, and cuts overall healthcare costs

But the push for a pathway for biogenerics underscores the need to develop a pricing mechanism for pharmacists that sets up the right incentives. Many of you have raised the issue that the new Medicaid reimbursement mechanism pays pharmacists so little that you lose money on lower-priced generic drugs. This is a perverse result, and makes little sense. As we consider payment mechanisms for pharmacists under Medicaid, Medicare, and any new entities that are part of the reformed health care system, we have to work to create payment systems for pharmacists that do not discourage the use of generic drugs.

### *Medicare Part D*

Briefly on Medicare Part D:

We still have lots of work to do with Part D. Administrative costs are too high, plan formularies and plan choices are far too confusing, the donut hole causes too many seniors to go without drugs they cannot afford, and the private drug plans are simply doing a terrible job of negotiating with the drug manufacturers for lower drug prices. These problems cause headaches for pharmacists, and drive up your costs. They impact the health of Part D enrollees. And they cost taxpayers tens of billions of dollars.

I hope we can make some changes to the Part D program as part of the health care reform process. We'll aim to make it easier for beneficiaries to navigate; easier for pharmacists to administer; and much, much easier on taxpayers wallets.

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My overall message to you is this:

Community pharmacists, no less than the rest of us, have a large stake in health reform.

You are essential health care providers.

If we in the Congress are to succeed in making quality health care available to the 47 million Americans without health insurance, we will have to make sure that you are fairly compensated in a reformed health care system.

You are small employers that provide health insurance to your employees.

If we in the Congress are to succeed in protecting the coverage that people like, we will have to make sure that you continue to have access to affordable insurance products for your employees.

Finally, you and your employees and your families are all consumers of health care.

If we in the Congress are to succeed in making health insurance affordable for all, we will have to make sure that you and your employees and your families have affordable choices among insurance products.

Of course, there will be trade-offs.

We have to make sure that all your patients have health care coverage, and that you and other essential providers are fairly compensated.

But we also need to make sure that your services are affordable, and that the insurers and the individual consumers paying for them are getting fair value.

And we need to make these improvements without increasing the federal deficit.



I can't give you more specifics at this point since we are still working out the details of the health reform legislation we hope to enact.

We want and need your support.

I would ask that when we do introduce our proposal, before reaching a conclusion about it, that you look at it not just as providers, not just as small employers, and not just as individuals who need affordable health care, but as all of the above.

I think you will find that, when you look at it in totality, and you compare it to where the status quo will take our nation, you'll support health reform.